MIKRECOVERY:
LIFT UP THE MOST

KITCHENER'S ECONOMIC RECOVERY FRAMEWORK

AREA OF FOCUS #1 FROM
MAKE IT KITCHENER 2.0
APRIL 2021

DRAFT FOR COUNCIL CONSIDERATION

MAKE IT KITCHENER SINCE 1854 2.0

A MESSAGE FROM MAYOR VRBANOVIC & MEMBERS OF KITCHENER CITY COUNCIL

The story of Kitchener over the past year of the Covid-19 pandemic has been one like no other. The story has been filled with both frustration and fear, but also hope, resilience and creativity. We've been through a lot, both collectively and individually. Our businesses have continually needed to pivot and adapt to changing circumstances. Despite these challenges, we are moving forward with a new sense of opportunity - with a new story ready to unfold.

In November, we launched Make It Kitchener 2.0 to guide our post-pandemic recovery and our economic growth for the next decade. First and foremost, we committed $5 million to provide immediate supports for impacted businesses and residents. This framework will provide the foundation to our community's post-pandemic economic response. It also includes the next set of initiatives we intend to launch immediately.

We care deeply about every business and resident who has been impacted. As a Council, and together with our staff, we are committed to working collaboratively with our business community, our partners, our stakeholders and our residents as we work to build back better, together. City Council and I are strong supporters of small, local businesses, and believe this economic recovery framework will be the start of a brighter tomorrow.

Mayor Berry Vrbanovic

Councillor Scott Davey
Councillor John Gazolla
Councillor Kelly Galloway-Sealock
Councillor Bil Ioannidis
Councillor Debbie Chapman
Councillor Dave Schnider
Councillor Christine Michaud
Councillor Paul Singh
Councillor Margaret Johnston
Councillor Sarah Marsh

THE IMPACT OF EIGHT TABLES

"FOR EVERY 8 TABLES WE ADD, WE BRING BACK 7 JOBS"

- KITCHENER RESTAURANT OPERATOR

Our community is made up of people. People who care for each other. People who offer essential goods and services. People who deliver memorable experiences. Supporting local business and organizations supports our neighbours - the people we pass on the sidewalk every day. As noted by a local restaurant operator, for every eight tables they add, they bring seven employees back. Seven neighbours returning to their jobs. Seven neighbours returning to their purpose, their passion, their community and their well-being.

WHAT OUR COMMUNITY IS TELLING US

Since the onset of the pandemic, City staff have been in constant contact with local businesses, business associations, commercial landlords, creative professionals, artists, musicians, festival organizers and impacted stakeholders. This input has continuously been shared with, analyzed and discussed by the City's Economic Development, Arts & Culture and Downtown Advisory Committees. The following summarizes the challenges and opportunities our business community and organizations have identified.

TOP 2 OVERARCHING CHALLENGES

- **Impacts to the In-person Service Economy** - businesses, organizations, entrepreneurs and employees dependant on in-person interactions (ex: sit down restaurants, movie theatres, fitness facilities, personal services, tourism, hospitality, performance venues, professional artists/musicians, etc.) have been impacted the most. Many businesses have pivoted, however this is not viable for every business. For some, the only true path to recovery is a post-vaccination return to in-person interactions. For employees of these businesses, closures and job loss have lead to significant mental health challenges.
- **The Unknown Future of Office Space** - office space, particularly in Downtown Kitchener, has been impacted significantly as companies transition to more mobile working environments. During the pandemic, few companies have been looking to lease new space. Many companies are still determining what their future office needs will be, which could include scaling back the size of physical space they require in favour of a more virtual workforce. Such changes have the potential to create significant office vacancies, which in turn, will impact the viability of the service industry who provide daily offerings (ex: food, personal service).

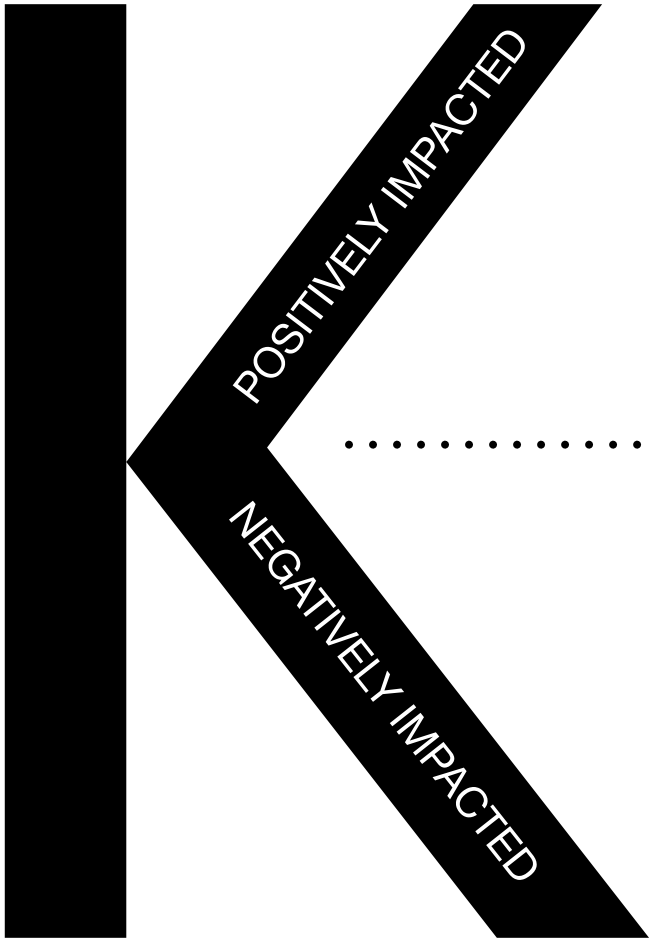
HOW THE CITY CAN HELP

Most businesses understand that the Provincial and Federal Governments are the primary providers of direct financial support, and are not looking for the City to provide similar supports. Rather, many have identified the following ways the City can provide support:

- Minimize and eliminate barriers when they are able to return to full operations;
- Continue to provide training and resources which support pivoting and adaptation;
- Support businesses in re-engaging customers; and,
- Support commercial landlords in attracting new businesses to vacant space.

UNDERSTANDING THE IMPACTS OF THE PANDEMIC

The pandemic has caused significant impacts to Kitchener businesses and residents. For most businesses, it has forced them to adapt their operational model. For some businesses, it forced them to close their doors for good. These impacts, however, have not been felt uniformly. For some, the pandemic has resulted in rapid growth while others have experienced deep losses. Economists describe this impact as the 'K' impact. As such, the City's priority will be to focus supports for businesses most negatively impacted by the pandemic.

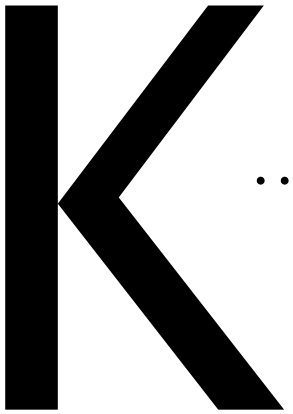


HOME IMPROVEMENT	RECREATIONAL RETAIL	RESIDENTIAL DEVELOPMENT
LABOUR FORCE ABLE TO WORK REMOTELY	MANUFACTURING/ DISTRIBUTION FOR IN DEMAND GOODS	ESTABLISHED E-COMMERCE BUSINESSES
TOURISM & HOSPITALITY	CLOTHING & APPAREL RETAIL	SERVICE INDUSTRY LABOUR FORCE
SIT DOWN RESTAURANTS & DRINKING ESTAB.	IN-PERSON SERVICES & EXPERIENCES	ARTS, CULTURE & LIVE PERFORMERS
URBAN OFFICE	MUSICIANS	SHOPPING MALLS

WHAT RECOVERY WILL LOOK LIKE

Economists often describe economic recovery from recessions using letters which illustrate the anticipated rate of recovery. For example, a 'U' shaped recovery path would see gradual economic loss followed by gradual economic growth. A 'V' shaped recovery would see rapid loss followed by rapid growth. Most economists agree that the post-pandemic recovery will be 'K' shaped, meaning some will (and already have) experienced significant recovery growth, while others will see much slower recovery.

'K' SHAPED RECOVERY



Businesses who are experiencing stable or accelerated growth will drive short term job and wealth creation. These companies are most likely to absorb office vacancies in the short term. Collectively, these jobs can provide much needed consumer spending to support businesses who've been negatively impacted the most. The City should continue to support job creation and business attraction.

Businesses who have experienced significant negative impacts and revenue losses, are expected to experience a longer path to recovery. In particular, businesses reliant on in-person experiences will likely see a more gradual return of their customers as they regain comfort with social interactions. The City should continue to support these businesses in ways that accelerate re-engagement of customers. This must include continued training and supports to enable businesses to pivot to respond to future consumer behaviours.

WHY A FRAMEWORK & AGILE APPROACH?

As the pandemic continues, anticipated outcomes and long-lasting changes in behaviour may become more predictable and better understood. However, given the current state of uncertainty across many economic sectors, it is still too early to accurately know all of the interventions needed to support recovery. As new waves of the pandemic emerge, it is likely that new needs will arise that can't be anticipated today. As such, the most prudent approach for any City to take is one that provides high-level opportunities and areas of focus, but allows for the redirection of funds and resources to respond to new challenges.

2 OPPORTUNITIES

TO AGGRESSIVELY SUPPORT BUSINESS RECOVERY BY LIFTING UP THE MOST BUSINESSES, ORGANIZATIONS & RESIDENTS

1. UNLEASH OUR COMMUNITY SPIRIT & SPENDING POWER

Our community has a long history of helping our neighbours when they are down. The greatest source of economic opportunity lies not in the City's ability to provide direct funding to businesses, but in the collective spending power of our community.

2. ACCELERATE A NEW WAVE OF ENTREPRENEURSHIP & INNOVATION

While the pandemic will cause businesses to adapt or close and vacancy rates to rise, a new wave of entrepreneurs and businesses has already begun. As a global leader in growing businesses, our community can 'double-down' to accelerate job creation.

1. UNLEASH OUR COMMUNITY SPIRIT & SPENDING POWER

- KEY OBJECTIVES -

DEVELOP & LAUNCH A 'LOVE MY BUSINESS' PROGRAM

Support local businesses in re-engaging their customers and attracting new customers. Where appropriate, leverage the City's broad audience reach.

WHEN ABLE, BRING THE CITY TO LIFE

As restrictions lift, the City can play a key role in breathing life back into our streets and business areas, by supporting events, festivals, outdoor dining, etc.

MAKE REOPENING EASY

Continue to actively support impacted businesses by providing efficient services such as an expeditious Patio Expansion Program.

INCUBATE NEW FOOD, RETAIL & SERVICE BUSINESSES

Develop a business case for a new incubation program focused on new food, restaurant, retail, service, wellness and hospitality businesses.

Note - in addition, the City will continue to dedicate significant resources to supporting businesses through the Small Business Centre and supporting arts, culture and festival organizations.

ANTICIPATED RECOVERY INITIATIVES

The following is an initial list of current and planned initiatives that would help seize the opportunities and objectives of the City's recovery framework. As the recovery process continues, the list of initiatives will continue to grow.

INITIATIVE	STATUS
Opportunity #1 - Unleash our Community Spirit & Spending Power	
Launch an online small business training platform	Launched (2021)
Waive portable sign permit fees	Launched (2021)
Extend Digital Main Street and the Digital Service Squad	Launched (2021)
Launch a 'Love My Business' Campaign to support suburban business areas	Proposed (2021)
Offer a 60-day Property Tax deferral	Proposed (2021)
Support Downtown Kitchener BIA & Belmont BIA Patio Expansions	Planned (2021)
Continue to offer an expeditious Patio Expansion Program	Underway (2021)
Establish new performance spaces that comply with Public Health Requirements	In Development (2021)
Partner with local stakeholders to support live musicians & to deliver micro experiences in 2021	In Development (2021)
Launch an online portal with all City-associated programming, events, recreation, etc.	In Development (2021)
Provide additional funding for the Tourism Adaptation & Recovery Program to support expanded patios	Proposed (2021)
Partner with organizations to provide grants to support arts, culture and creative professionals	Proposed (2021)
Provide a flexible Business Licensing Renewal Program	Underway (2021)
Develop a business case for a Food, Retail, Service Incubation Program	Future (2021+)
Provide free parking in City-owned parking lots in DTK, on evenings and weekends	Underway (2021)

2.ACCELERATE A NEW WAVE OF ENTREPRENEURSHIP & INNOVATION

- KEY OBJECTIVES -

SUPPORT STARTUPS, SCALE-UPS, INNOVATION & WORKFORE ADAPTATION

Partner with incubators and accelerators like Communitech to aggressively support startups, scale-ups, innovation and workforce adaptation, and to expand the Fierce Founders program.

CITY-WIDE STARTUP & ENTREPRENEURIAL NETWORK

Expedite the launch of an entrepreneurial network (Area of Focus #4 of Make It Kitchener). Provide funding to support new entrepreneurial programs that address barriers related to equity and anti-racism.

Note - in addition, the City will continue to work in partnership with organizations like Waterloo EDC to attract new companies to Kitchener.

ANTICIPATED RECOVERY INITIATIVES

The following is an initial sample list of current and planned initiatives that would help seize the opportunities and objectives of the City's recovery framework. As the recovery process continues, the list of initiatives will continue to grow.

INITIATIVE	STATUS
Opportunity #2 - Accelerate a New Wave Entrepreneurship & Innovation	
Partner with Communitech to deliver increased startup services	Proposed (2021-2024)
Partner with Communitech to support scaling companies	Proposed (2021-2024)
Partner with Communitech to expand Fierce Founders	Proposed (2021-2024)
Support Communitech's Future of Work Initiative to assist companies/employees navigate mobile work	Proposed (2021-2024)
Continue the City's Innovation Lab	Proposed (2021-2024)
Develop a business case to launch a city-wide entrepreneurial network	Future (2021+)
Provide funding to support new entrepreneurial programs that address barriers related to equity and anti-racism	Future (2021+)
Continue to partner with organizations like Waterloo EDC to attract new companies to Kitchener	Underway

NEW $1 MILLION SEED FUND

To support business recovery, the City will consider launching a new Seed Fund to stimulate growth and opportunity within each of the opportunities identified in this framework. All grants and funding would be targeted at providing businesses with tools to adapt to changing consumer habits and to increase their resiliency and likelihood of long-term sustainability. Where possible, grants will prioritize outcomes which can be experienced by the general public. Funding for the $1 million Seed Fund is contained within the overall allocation of $5 million to support.

SEED FUND COMPONENT	INCREMENT	# SUPPORTED	AMOUNT
Digital Main Street Grants	$2,500	10	$24,000*
Love My Business' Marketing Grants for Business Areas	Up to $10,000	10 areas	$100,000
Tourism Adaptation Grants	Up to $5,000	25	$125,000
Grants to Support Arts & Culture Professionals	~$2,500	30	$75,000
Future Grants - to be identified and approved by Council			Up to $700,000
TOTAL			$1,000,000

** Funding provided by the Provincial Government*

This Seed Fund will inevitably fall short in meeting all of the demands and needs of our community. The City will actively work with other levels of government and partner organizations to seek matching or complimentary seed funding.

SUPPORTING RECOVERY

As part of Make It Kitchener 2.0, City Council allocated up to $5 million to support immediate business recovery. Based on the anticipated costs to deliver impactful recovery initiatives, the following proposed funding allocations have been recommended.

STRATEGY COMPONENT	PROPOSED ALLOCATION
Opportunity #1 - Unleash our Community Spirit & Spending Power	
Develop & Launch 'Love My Business' Program	$755,000
When Able, Bring the City to Life	$550,000
Develop & Launch an Incubation Program for new Food, Retail, Service & Hospitality Businesses	$750,000
Make Reopening Easy	$35,000
TOTAL	**$2,090,000**
Opportunity #2 - Accelerate a New Wave of Entrepreneurship & Innovation	
Partner with Communitech to Support Startups, Scale-ups, Innovation & Workforce Adaptation	$1,500,000
Expedite the Launch of a City-Wide Startup & Entrepreneurial Network	To be determined
TOTAL	**$1,500,000**
$1 Million Seed Fund (note: funding allotments are contained within the allocations listed above)	$1,000,000
Available for future allocations	**$1,410,000**
TOTAL INVESTMENT IN ECONOMIC RECOVERY	**$5,000,000**

Dedicated City Staff Support - in addition to this funding, the City will continue to mobilize significant staffing resources to support impacted businesses and assist in leading business recovery. The majority of these resources will be focused on Opportunity #1.

WHAT STORY WILL WE ALL WRITE TOGETHER

Kitchener has been through a lot during this pandemic and businesses have carried a heavy burden. But we are beginning to see a new story unfold. We are moving forward together with a renewed sense of hope and optimism. Kitchener is finding light in the darkness… reshaping the narrative of our own story.

The pandemic has been a defining moment in the collective history of Kitchener. It has been hard for many, but has reminded us what makes Kitchener so special - in times of challenge, we come together to lift each other up. We always have, and we always will. We are a city with an unbreakable spirit and relentless resilience in the face of adversity.

The pandemic has reminded us of what we took for granted and what we truly cherish. It has reminded us of the importance of the people who keep our local businesses alive - business owners, employees and patrons. They breathe life and vibrancy into our community every day.

The City of Kitchener will lift up businesses in every way we can. But in truth, the real source of our recovery lies within each of us. As a community, how we choose to spend our money and who we choose to support will define our path forward. We've got this, Kitchener!

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KITCHENER
SINCE 1854

Note - this framework is 'draft' only and subject to City Council input and approval.
The final strategy, including content, imagery, layout, etc. may differ.
April 2021